

Message Text

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PAGE 01 NEW DE 07073 041631Z
ACTION NEA-11

INFO OCT-01 ISO-00 EB-08 TRSE-00 AGRE-00 L-03 LAB-04

HEW-04 OES-07 /038 W

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 1393

AMCONSUL MADRAS

INFO USDOC WASHDC

AMCONSUL BOMBAY POUCH

AMCONSUL CALCUTTA

LIMITED OFFICIAL USE NEW DELHI 7073

E.O. 11652: NA

TAGS: EINV, ECEM, IN

SUBJECT: REPORTED GOI INTENTION TO TAKE OVER AMOCO EQUITY IN
MADRAS FERTILIZERS LTD.

REF: (A) MADRAS 0616, (B) NEW DELHI 6196

1. DURING LAST FEW DAYS EMBASSY HAS HAD OCCASION SPEAK
WITH JOINT AND DEPUTY SECRETARIES IN MIN. CHEMICALS AND
FERTILIZERS CONCERNING REPORT IN MADRAS DAILY, "THE HINDU"
THAT GOI PLANNING TAKE OVER 24.5 PERCENT AMOCO SHARES IN MADRAS
FERTILIZERS LTD. (MFL). (REF. A REPEATED DEPARTMENT AS
REF. B).

2. OFFICIALS RESPONSIBLE FOR FERTILIZER INDUSTRY AND
SPECIFICALLY FOR OPERATION OF PUBLIC SECTOR FERTILIZER

PLANTS, HAVE INFORMED US, IN CONFIDENCE, THAT THERE IS NO
REPEAT NO MOVE BY GOI TO ACQUIRE AMOCO EQUITY HOLDING IN
MFL IN "FORESEEABLE FUTURE".

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3. DEPUTY SECRETARY G. SUNDER COMMENTED THAT AFTER JANATA
GOVERNMENT TOOK OVER IN MARCH 1977, MIN. CHEMICALS AND
FERTILIZERS BAHUGUNA ASKED HIS STAFF TO PREPARE NOTE FOR
HIS INFORMATION ON BROAD QUESTION OF FOREIGN EQUITY HOLDINGS
IN PUBLIC AND PRIVATE SECTOR FERTILIZER PLANTS IN INDIA.
NOTE WAS SUBMITTED TO HIM IN MAY 1977, BUT SINCE THEN ISSUE
HAS REMAINED INACTIVE AND THERE HAS BEEN NO INTENTION TO

INITIATE ACTION FOR ACQUIRING FOREIGN EQUITY HOLDINGS IN SUCH VENTURES.

4. SUNDER ALSO REMARKED GOI PLEASED WITH MANAGEMENT AND OPERATING RESULTS OF MFL. HE ADDED THAT ANOTHER REASON GOI UNLIKELY TAKE STEPS TO ACQUIRE AMOCO EQUITY WOULD BE EFFECT HITS WOULD HAVE ON INTERESTS OF NATIONAL IRANIAN OIL COMPANY (NIOC). JOKINGLY, HE SAID THIS MINISTRY HAD HANDS MUCH TOO FULL AT PRESENT WITH DRUG INDUSTRY TO CONCERN ITSELF WITH EQUITY CHANGES IN MFL.

5. COMMENT: FROM TALKS WITH DR. FRANK JAMES OF AMOCO IN MADRAS, BEFORE HIS DEPARTURE FROM INDIA, WE BELIEVE PRESERVATION GOOD RELATIONS WITH NIOC IS CONTINUING CONCERN OF GOI AND THAT AMOCO'S POSITION AS CO-HOLDER OF MINORITY EQUITY POSITION WITH NIOC, THEREFORE, TENDS TO PROTECT AMOCO POSITION IN MFL AND MRL. WE BELIEVE "HINDU" ARTICLE MAY HAVE BEEN BASED ON DISTORTED VERSION OF EVENTS DESCRIBED PARA 3 ABOVE.
GOHEEN

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Message Attributes

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